



# ***Material Management***

---

## ***Accounting Systems***

***Presented By:***

***Sydney Pope, Deputy Director,  
Supplier Risk  
Management***

***Date  
June 28, 2000***

# **MATERIAL MANAGEMENT AND ACCOUNTING SYSTEM (MMAS)**

---

What we do:

- DCMA & DCAA ensure supplier has adequate system
  - that effectively manages and controls material, and
  - that accurately charges or allocates costs.
- Why we do this:
- Government at risk on large cost-type contracts.

- ACO reviews Supplier,
  - Initial MMAS disclosure,
  - Written description of system processes, and
  - Identifies applicable MMAS procedures used to ensure systems compliance
- Review Supplier's internal control documentation and results of any self-assessment, including an identification of known deficiencies

# MMAS RISK ASSESSMENT

---

- The ACO's risk assessment should utilize an IPT approach comprised of CMO specialists and DCAA.
- Team must gather sufficient information to express an opinion on the adequacy of the supplier's MMAS and its related internal controls for compliance with DFARS MMAS criteria
- Risk analysis considers the probability and consequence of failure to meet requirements. The team must determine the intensity level and frequency of their activity in reviewing processes and data transactions

- High and Moderate risks requires immediate and intensive risk handling - supplier corrective action and evaluation through process audits, data transaction verification, and analyses until the risk is mitigated to an acceptable level
- ACO risk handling options include:
  - Requiring Corrective Action Plans
  - Progress payment billing withholds
  - Suspension of questionable costs in cost vouchers
  - Cost disallowance(s), if appropriate
  - Notification to buying activities
  - Reduction of billing withholds as risk is mitigated

# MMAS RISK MONITORING

---

- The ACO and the MMAS team leader must monitor the impact of the supplier's corrective actions if needed
- Monitor Supplier internal control documentation from their self assessment including corrective action for any identified deficiencies
- Reviews of a supplier's MMAS must be performed only when the ACO has determined there is a significant risk to the Government and that the supplier has not implemented effective actions to remedy deficiencies that

# MMAS RISK DOCUMENTATION

---

- The ACO and the assigned Team Leader must record and maintain documentation on risk planning, risk assessments, risk handling, and risk monitoring results and updates as applicable
  - **Should reflect review baseline for each standard evaluated and found compliant**
  - **Used by specialist in planning process evaluations**
- ACO maintains a log of MMAS reviews and annually reviews the log to identify Suppliers meeting MMAS reporting requirements, and assesses the Supplier's past performance and current vulnerability